

Message Text

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ACTION ARA-14

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TO SECSTATE WASHDC PRIORITY 1586
INFO USDOC WASHDC PRIORITY

UNCLAS SECTION 1 OF 2 CARACAS 2550

E.O. 11652: N/A
TAGS: BBSR, VE
SUBJ: MARKET RESEARCH: GMS SURVEY MACHINE TOOLS AND RELATED
EQUIPMENT.

REF 1. STATE 033733 2. LONDON 03583

1. EMBASSY INVITED NINE (9) FIRMS TO PARTICIPATE IN THIS BID,
FIVE (5) OF WHICH RESPONDED WITH OFFERS. EVERY EFFORT WAS MADE
TO OBTAIN PROPOSALS FROM CAPABLE COMPANIES, WHICH COULD BE EXPECTED
TO MOST CLOSELY APPROXIMATE USDOC'S BUDGET, IN ORDER TO PROVIDE
USDOC WITH AN OVERVIEW OF CURRENT RESEARCH COSTS IN VENEZUELA.
EMBASSY URGES IMMEDIATE VISIT BY NILS BASSETT PRIOR TO AWARD OF THIS
AND AGRICULTURE EQUIPMENT RESEARCHES.

2. A. FIRST BID PROPOSAL

A1. NAME OF COMPANY: R.B.S. & ASOCIADOS C.A.
A2. COST: ALTERNATIVE A: \$48,835; ALTERNATIVE B: \$37,578.
A3. INTERVIEWS: ALTERNATIVE A:110 TO 196
INTERVIEWS.
ALTERNATIVE B:78 TO 139
INTERVIEWS.
A4. PERSONNEL: (1) RALPH B. SCHIRMER, DIRECTOR OF THE FIRM AND A
GRADUATE OF BUSINESS SCHOOLS OF BREMEN AND COLOGNE, W.GERMANY.
(2) ONE ENGINEER FROM TCG, TECHNOLOGY CONSULTING GROUP INC., BOSTON,
MASS. WITH WHOM R.B.S. IS ASSOCIATED. BACKGROUND OF THIS EN-
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GINEER WILL BE PROVIDED AFTER OBTAINING CONTRACT.
A5. EXPERIENCE: FIRM HAS PREPARED MARKET RESEARCH STUDIES FOR U.S.
AND VENEZUELAN FIRMS SUCH AS PHELPS-DODGE INTERNATIONAL, ITT ISEL,
MCM ELECTRONICA C.A., GRIVEN C.A., VENCobre C.A., ETC., COVERING
FIELDS SUCH AS /COPPER TUBES, BRASS MILLS AND FOUNDRIES, FAUCETS,
FURNITURE MANUFACTURING EQUIPMENT, ETC.
A6. COMMENTS: FIRM HAS PRESENTED A VERY WELL DETAILED PROPOSAL,

SPECIALLY IN THE AREAS OF INTERVIEWS, PERSON-HOURS, METHODOLOGY, ETC. IN SPITE OF HAVING BEEN FORMED WITHIN THE LAST YEAR, THE FIRM HAS AN EXCELLENT REPUTATION AND THEIR RESEARCHERS SEEM TO BE EXPERIENCED AND COMPETENT.

B. SECOND BID PROPOSAL

B1. NAME OF COMPANY: VENEZOLANA DE MUESTREO C.A.

B2. COST: ALTERNATIVE A: BS.165,000 (\$38,551.40)

IF ONLY THIS RESEARCH IS AWARDED. ALTERNATIVE B: BS130,000 (\$30,373.83) IF THIS RESEARCH IS AWARDED SIMULTANEOUSLY WITH AGRICULTURE EQUIPMENT RESEARCH.

B3. INTERVIEWS: AS NECESSARY.

B4. PERSONNEL: (1) DR. OSWALDO MAYZ, PRESIDENT OF THE COMPANY, ECONOMIST, GRADUATE FROM UNIVERSIDAD CENTRAL OF VENEZUELA, MASTER IN ECONOMICS FROM IEDES, PARIS, FRANCE.

(2) ING. FELIZ ACHABAL, INDUSTRIAL ENGINEER, GRADUATE OF THE ENGINEER

-

ING SCHOOL, MADRID, SPAIN.

(3) DRA. ELIZABETH DE ROSSI, STATISTICIAN, GRADUATE OF UNIVERSIDAD CENTRAL OF VENEZUELA.

B5. EXPERIENCE: SUBJECT FIRM IS AFFILIATED WITH THE GALLUP INSTITUTE AND WITH TELEDATOS C.A. A COMPUTER SERVICES COMPANY, AND HAS PREPARED A LARGE VARIETY OF SURVEYS AND MARKET RESEARCHES. STUDIES HAVE BEEN PERFORMED FOR SEVERAL FOREIGN AND VENEZUELAN COMPANIES AS WELL AS FOR THE VENEZUELAN GOVERNMENT.

B6. COMMENTS: BACKGROUNDS OF THE COMPANY AND ITS PERSONNEL IS UNCLASSIFIED

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PRESSIVE, EVEN THOUGH THEIR EXPERIENCE HAS BEEN MAINLY IN THE AREAS OF STATISTICAL AND POLL TYPE SURVEYS.

C. THIRD BID PROPOSAL

C1. COMPANY NAME: HAUSER Y ASOCIADOS C.A.

C2. COST: BS129,000 (\$30,148.19) THIS BID IS CONDITIONED TO THE FIRM BEING AWARDED THIS STUDY AND THE STUDY FOR AGRICULTURAL EQUIPMENT.

C3. INTERVIEWS: 120 INTERVIEWS.

C4. PERSONNEL: (1) OLGA HAUSER, GRADUATE IN SOCIAL COMMUNICATIONS FROM

M ANDRES BELLO CATHOLIC UNIVERSITY, VENEZUELA, MASTER FROM WISCONSIN UNIVERSITY.

(2) INDUSTRIAL ENGINEER RONALD HAUSER, GRADUATE OF UNIVERSITY OF CALIFORNIA, BERKELY.

(3) INDUSTRIAL ENGINEER NICOLAS JOVE, GRADUATE OF ANDRES BELLO CATHOLIC UNIVERSITY, VENEZUELA, MASTER FROM STAMFORD UNIVERSITY.

C5. EXPERIENCE: A LARGE NUMBER OF MARKET RESEARCH STUDIES PERFORMED FOR IMPORTANT U.S. AND VENEZUELAN FIRMS, AMONG THEM : OTIS ELEVATOR CO., COCO-COLA OF VENEZUELA. INVERSIONES TOCOA, EMBASSY OF PORTUGAL, BANCO UNION, BANCO NACIONAL DE DESCUENTO, ETC.

C6. COMMENTS: HAUSER Y ASOCIADOS IS CONSIDERED ONE OF THE MOST COMPETENT MARKET RESEARCH FIRM IN VENEZUELA. THE EMBASSY RE-

QUESTED SPECIAL EFFORT IN KEEPING THEIR BIDS AT "AFFORDABLE" LEVELS.

D. FOURTH BID PROPOSAL

D1. NAME OF COMPANY: THOMAS P. RONAI Y ASOCIADOS

D2. COST ALTERNATIVE A: 9,000 IF 12 COPIES OF REPORT ARE NEEDED.

ALTERNATIVE B: \$9,775 IF 3 COPIES OF REPORT ARE NEEDED.

D3. INTERVIEWS: AS NEEDED

D4. PERSONNEL: THOMAS P. RONAI, M.B.A. HARVARD,

B.A. (ECON) YALE

B5. EXPERIENCE: FIRM HAS PREPARED FOR USDOC THE FOLLOWING STUDIES: TELECOMMUNICATIONS, ADVANCED OFFICE EQUIPMENT, CONSUMER PRODUCTS, PUMPS, VALVES, COMPRESSORS, (1971) AIR CONDITIONING AND REFRIGERATION (JAMAICA 1971) AND PROCESS CONTROLS. RONAI Y ASOCIADOS HAS ALSO PREPARED STUDIES FOR AMERICAN AND BRITISH FIRMS IN AREAS UNCLASSIFIED

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SUCH AS SPORTS EQUIPMENT, CONSTRUCTION EQUIPMENT, PETROLEUM PRODUCTION AND DRILLING EQUIPMENT, AND IS NOW WORKING ON THE PETROLEUM AND NATURAL GAS EQUIPMENT STUDY FOR USDOC.

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B6. COMMENTS: WITH ONE EXCEPTION (CONSUMER PRODUCTS) ALL REPORTS PREPARED BY SUBJECT COMPANY HAVE BEEN CONSIDERED TO BE HIGHLY COMPLETE E

AND THOROUGH. THE OVERALL QUALITY OF RONAI'S REPORTS HAS BEEN HIGHER THAN THAT ASSOCIATED WITH LOCAL CONTRACTORS WILLING TO ACCEPT WORK FOR USDOC BUDGET PRICES.

E. FIFTH BID PROPOSAL

E1. NAME OF COMPANY: TARGET RESEARCH C.A.

E2. COST: BS40,000 (\$9,345.79)

E3. INTERVIEWS:55 INTERVIEWS.

E4. PERSONNEL: 1 JOSE A. REYES, PRESIDENT OF THE COMPANY, PSYCHOLOGIST, GRADUATE OF UNIVERSIDAD CENTRAL OF VENEZUELA.

(2) JUAN A. ENGELSEN, PH.D. UNIVERSITY OF CALIFORNIA.

E5) EXPERIENCE: TARGET RESEARCH C.A. HAS PREPARED THE FOLLOWING STUDIES FOR USDOC:

MATERIALS HANDLING EQUIPMENT, PROCESS CONTROL INSTRUMENTATION, INDUSTRIAL INSTRUMENTS AND METALWORKING EQUIPMENT, FOOD PROCESSING AND PACKAGING EQUIPMENT, PETROCHEMICAL/CHEMICAL REFINING AND PROCESSING EQUIPMENT, ENERGY SYSTEMS, MEDICAL EQUIPMENT AND PLASTIC PRODUCTION EQUIPMENT. TARGET WAS ALSO RECENTLY AWARDED THE CONSTRUCTION AND MINING MACHINERY STUDY. IN ADDITION, TARGET HAS PERFORMED NUMEROUS CONSUMER PRODUCTS USAGE SURVEYS FOR VENEZUELAN AMERICAN COMPANIES IN VENEZUELA, SUCH AS COLGATE PALMOLIVE, CYANAMID, GILLETTE, KRAFT, GRUPO CLUB, INDUSTRIAS YUKERY, ETC.

E6. COMMENTS: IN SPITE OF THEIR DEFECTS, WHICH INCLUDE DELAYS IN UNCLASSIFIED

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DELIVERY DATES, OVERGENERALIZATION OF THEIR RESEARCH, ETC., THIS COMPANY HAS PERFORMED MORE MARKET RESEARCH FOR THE EMBASSY THAN ANY OTHER CONTRACTOR. THEIR MAY AWARDS WERE DUE IN LARGE PART TO THEIR LOW BIDS.

3. EMBASSY COMMENTS

AS NOTED ABOVE, EMBASSY HAS GONE TO EXTRA EFFORT TO ATTRACT AS LARGE AS NUMBER OF BIDS FROM LOCAL CONTRACTORS AS POSSIBLE FOR THE AGRICULTURAL EQUIPMENT AND MACHINE TOOL SURVEYS. IN THE PROCESS OF SOLICITING BIDS FROM THE EMBASSY'S TWO TRADITIONAL RESEARCHERS, TOM RONAI, AND TARGET RESEARCH, THE EMBASSY HAS MADE IT CLEAR THAT USDOC CONSIDERS THAT THESE TWO CONTRACTORS' MORE RECENT BIDS WERE "OUT OF LINE". IN THE FACE OF THE "JAWBONING", NEITHER CONTRACTOR WAS EAGER TO BID ON EITHER SURVEY. THEY POINT OUT THAT IN THE CARACAS ENVIRONMENT, WHERE RENTALS OF A FAMILY-SIZED HOUSE MIGHT RANGE BETWEEN \$15,000 AND \$20,000 PER YEAR, AND WHERE SALARIES FOR A COMPETENT MARKET RESEARCHER (A RARE COMODITY IN VENEZUELA) MIGHT EXCEED \$2,000 PER MONTH

, THEIR MARKET RESEARCH CONTRACT BIDS "ARE NOT EXORBITANT". AS WILL BE NOTED FROM OTHER BIDS, SUMMARIZED IN THIS PROPOSAL ANALYSIS, AND THE ANALYSIS FOR AGRICULTURAL EQUIPMENT (SEPTTEL FOLLOWS) THE OTHER THREE LOCAL MARKET RESEARCH CONTRACTORS WHICH WE WERE ABLE TO PERSUADE TO BID CHARGE SUBSTANTIALLY HIGHER PRICES. SINCE IT IS ALMOST CERTAIN THAT NONE OF THE OTHER THREE CAN EXPECT TO RECEIVE A BID AWARD ON THIS, OR THE AGRICULTURAL EQUIPMENT SURVEY, THEY MAY NOT REALISTICALLY BE EXPECTED TO BID ON ANY FUTURE CONTRACTS. EMBASSY ASKS THAT USDOC CONSIDER THE TWO ALTERNATIVE MEANS THROUGH WHICH RESEARCH MIGHT BE OBTAINED IN THIS MARKET. WE CAN GO "OFF-SHORE" WITH A FIRM SUCH AS TACTICAL MARKETING LIMITED; WHICH DID THE GRAPHIC

ARTS RESEARCH HERE. SUCH A FIRM CAN BE EXPECTED TO PRODUCE
ACCEPTABLE RESEARCH, BUT WHOOUTH A REAL "FEEL"FOR THE LOCAL SCENE,
WHICH INSIGHTS DERIVE ONLY FROM BEING PRESENT IN VENEZUELA, AND IM-
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MERSED IN THIS COUNTRY'S ECONOMIC TRENDS. SUCH RESEARCH CAN BE EX-
PECTED TO BE SUPERFICIAL (TACTICAL MARKETING LTD. PREPARED MUCH OF
IT RESEARCH IN THE EMBASSY'S COMMERCIAL LIBRARY AND TWO OF THE FIRM'S
PRINCIPAL INTERVIEWEES WERE THE ASSISTANT COMMERCIAL ATTACHE, AND THE
LOCAL EMPLOYEE WHICH MANAGES THE MARKET ANALYSIS UNIT). ALTERNATELY,
IF WE ARE TO KEEP A STABLE OF LOCAL RESEARCHERS INTERESTED IN USDOC
RESEARCH, IT WILL BE NECESSARY TO ADJUST EXPECTATIONS AS TO WHAT
SUCH RESEARCH WILL COST. THE COMMENT HAS TO DO WITH THE INSTANT
CASES AND FUTURE REQUESTS FOR PROPOSALS. IF TARGET AND RONAI ARE
DISCOURAGED BY THE BID AWARDS FOR MACHINE TOOLS AND AGRICULTURAL
EQUIPMENT, THEY CAN BOTH BE EXPECTED TO BE RELUCTANT TO BID ON
FUTURE STUDIES. EMBASSY FEARS THAT IF THIS RESEARCH IS AWARDED TO
AN OFF-SHORE CONTRACTOR, WE MAY END UP WEDDED TO HIM WITH ALL LOCAL
CONTRACTORS UNWILLING TO BID IN THE FUTURE. THIS IS AT LEAST AS
PERNICIOUS IN OUR VIEW AS BEING WEDDED TO RONAI WHO HAS BEEN
PROVIDING US WITH EXCELLENT REPEAT EXCELLENT RESEARCH. OF THE TWO
LOCALS, WE PREFER TO BE WEDDED TO RONAI.

4. ACTION REQUEST: IN VIEW OF USDOC'S CONCERNS RE PRICING OF RE-
SEARCH IN VENEZUELA, AND POSSIBLITY THAT WE ARE AT A WATERSHED DE-
CISION, WHICH, IF INCORRECTLY TAKEN, WILL ADVERSELY EFFECT OUR MARKET
RESEARCH CAPABILITIES IN THE FUTURE, EMBASSY BELIEVES IMMEDIATE
VISIT BY NILS BASSETT TO BE IN ORDER. FIRST HAND DISCUSSION RE PRICA
ING AND NEED TO RE-ADAPT SPECIFICATIONS TO VENEZUELAN REALITIES
WOULD BE EXTREMELY USEFUL.
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